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Production the Goal

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THE urgent necessity for increasing and "speeding up" the output of munitions and other essential materials during the war, and the prospective unprecedented demands following the period of devastation and non-production, have focused attention, as never before, upon production—and its attendant problems. Probably never has there been such a large number of people from various walks of life, so many industrial managers and so many workers, in seeming agreement that the aim or principal problem of industry is production. But, in spite of this glib consensus of opinion on generalities, there has been little evidence of real thinking concerning the subject.

While a very worth while forward step in industry has been taken by this quite sudden and general recognition of production as the master aim of the industrial plant, yet it is doubtful if the forward impetus can be maintained and concrete achievement attained by this more or less emotional recognition of a general principle. The word "production" seems to have widely different meanings for many who agree in using the word to describe the principal problem confronting industrial plants. There would be more opportunity for real, constructive progress if we could arrive at an actual, though limited and partial, agreement on the subject.

As a fundamental basis of agreement industrial management must squarely face and accept the fact that the peoples of the world today are not and will not be interested in production at any or all costs, or in production that ignores the human factors. There was a time, not long past, when there was not a very general appreciation of the "safety first" movement, and even today there is a discouragingly large minority of industrial managers who do not feel it to be their imperative duty to take every precaution to protect the workers from physical injuries in their plants. But all except the most "conscientious objectors" to change of any kind must admit that during the war period a new

spirit or consciousness has developed among all workers, and among many employers and managers, which not only makes impossible the evasion of responsibility for the physical safety of employes, but which demands prompt and careful attention to many more intangible and intricate phases of the problems presented by the human element involved in production. It is not a theoretical situation which we are facing in this connection, but present and pressing facts, already clearly apparent in most civilized countries. The forward looking industrial manager today realizes that no longer can he aim at increasing production and profits *ad infinitum* by methods arbitrarily devised by the management alone and likewise arbitrarily imposed on the workers. Whatever his individual opinions may be, he is confronted with the fact that workers in this new era are not and will not be interested in production unless they are given some voice in the determination of the processes of the plant and in controlling the conditions under which they work—or, as it is commonly expressed today, “workers must have more share in the management.” Labor and enlightened employers present today a solid front in demanding that the workers must be considered as integral human parts of the plant and that industry must be so constitutionalized that some sort of real industrial suffrage or franchise is possible.

If, therefore, we are to arrive at any real agreement between management and workers to coöperate in increasing production we must conceive of the master aim of the plant as being such production as is compatible with a real and measurable degree of human happiness and content in the work. Obviously this aim must not be so construed as to convert the plant into a mere experimental laboratory for the testing of “labor theories,” for this would be merely reversing the former prevalent situation where the management imposed and tested its theories of production processes without giving much if any consideration to the effect upon the human factors. The aim must be carried out only by careful and scientific consultation and practical experimentation. The entire personnel of the plant must be made articulate in some way in order that each person may assume responsibility for and participate in the determination and definition of the production standards.

This modern concept of the aim of industry extends beyond the field of mere quantitative output and requires that each producing group render some greater service to the community and the world than the mere supplying of material goods. As a prominent leader of industry recently said, "Service to the world, not profit to ourselves, must henceforth be the guiding thought of business men." Plant owners and executives, therefore, must take the initiative and determine first their own functions and place in this new order. The board of directors of a large western department store, after an exhaustive study of this particular question, recently passed a resolution including the following paragraphs, which seem well worth quoting:

We emphasize that aspect of our proposed reorganization which may be termed the democratization of the establishment. But there is another way to approach the same situation. We would look upon the plant as a great training school in which every employee, from the executives down, is at the same time a student and a teacher.

It is just here that we as managers must find our excuse for existence. If every employee in this business comes to us fully trained, fully equipped to take his part properly in the scheme of things, then the employees are running affairs, and we can hardly justify our accepting profit. We are entitled to profit only in the measure of our contribution to the working of this business. Our task is not to sweep floors, to wash windows, to keep books, to fill orders and sell goods. Directly and immediately, that is the business of our employees. But it is our province to make better sweepers, window washers, bookkeepers, order fillers and salesmen of our employees. It is not enough if we be bosses on the job, and mere task-masters. We must constructively contribute to the symphony, by supplying ideals, by devising processes, improving methods, inventing equipment, and training hand, heart and mind, if we would earn that portion of the income called, not wages, but profit.

But, it may be said, we supply the capital to run the business. For that we are entitled to interest, not profit. Or again, we buy the goods. In so far as that is true, we are entitled to wages, not profit. We assume the risk, in bad years as well as in good. True, and for that we are entitled to another kind of interest, not profit. Profit, when justly earned, is a reward for a particular kind of service which the employees themselves do not contribute.

"The employee no longer exists merely to aggrandize and extend the personality of the employer, but the latter exists solely to make effective the totally different function of the employee." (Harrington Emerson.)

Failure to realize this magnificent opportunity we have to make of this business a grand training school of technique and character carries its own penalty. We have but mediocre help, and that is expensive. We have a rapid labor turnover. When we require a man to fill an important post, often we go on the outside. Lack of a system of training makes promotion a rare thing, and con-

sequently deprives our people of hope based upon a laudable ambition. Our service to our customers cannot be the best. Consequently, our own profits are not so large as otherwise they might be.

"The executive who develops novices into experts and the company which transforms mere 'handy men' into mechanics are public benefactors because of the service rendered to the country and their men." (W. D. Scott.)—That must be our aim and contribution.

The above paragraphs might be considered of little practical value if they were written as part of an academic treatise by a theoretical economist, but they embody the conclusions of a group of eminently successful business men made after an intensive study of their own establishment—an establishment generally admired by the public and which the casual observer would say was in no need of reorganization. Industrial executives must acquire something of this spirit if they, or their plants, are to render effective service in the new era that is upon us. Production must be made to serve individual needs, not merely the promotion of the general wealth. Production should be organized not merely upon the basis of money or profits but upon the basis of real human satisfaction. Stephen Leacock has well said, "The continued increase of the sum total of wealth as a concomitant of machine production does not of itself promote individual welfare, with which indeed, it has but little connection." Much of the present discontent among workers is undoubtedly due to the necessity for performing uncongenial, monotonous machine work that seemingly follows a blind alley and denies ambition opportunity. The plant must be so organized as to allow each individual in the producing group to see the complete picture of the aims of the plant and his part in the structure as a whole; it must afford opportunity for satisfying the creative instinct—the primitive human instinct of love of work, which is so apt to be thwarted by specialized machine production; it must provide the ladders of promotion which the worker may climb if he will.

No all embracing formula can be devised for carrying out these aims of industry. There is an unfortunate tendency today to install static plans for the "solution" of the new industrial problems. In the attempt to encourage an interest in production, too many managers are adopting forms and phrases with little real substance. With small appreciation of the full meaning and spirit of the goal toward which the new industrial world is grop-

ing, efforts are being made, usually in good faith, to impose cut and dried "profit-sharing" plans, "industrial legislative councils," or "shop committees," on unwilling or apathetic employees. Industry is ever changing and progressing; therefore we can have no uniform, static, nor rigid, "solutions" adaptable to changing conditions and the progressive succession of problems. The thing that is possible and that is truly necessary is the creation of the human machinery or organization, based on broad general principles agreed to by all in the plant, ready at all times to study and meet questions as they arise. The name and form of the organization matter little so long as all individuals in the plant are truly represented and given a real voice in evolving the answers to new or recurring problems and in adapting the aims of the plant to the developing ideals of production and service.

There is, however, the danger of a too sudden reformation and the consequent exercise of an autocratic paternalism in attempting to keep up with the new movement. There must be no "crusade" nor "campaign" which smacks of "uplift," for management and employees today have in common an abhorrence of being "uplifted." Though, as the result of panicky reaction to industrial unrest, many may try to build the new structure of industry on a foundation of mere emotional sentimentality, there must be a firm economic basis if the structure is to survive. Charity cannot be the compelling motive because it is not the aim to develop the industrial plant into an eleemosynary institution. Moreover, the workers who are seriously and sincerely pressing for a larger and broader participation in industry are not asking, and do not want, to be given things to which they are not entitled as a matter of economic and ethical right. If owners and managers alone determine and define the production that they think will best contribute to the happiness of the individuals involved, and if, with the generous gesture of industrial overlords, they give more freedom and opportunity to workers, the real and higher aims of industry will be degraded.

In the development of the economic basis for the new structure there should be collective or group action, for only thus can the idea of collective responsibility be engendered. Scattered, uncoördinated individual action should be avoided, for interest in group production means that the plant becomes a real entity

and power for service to humanity. The management and the workers must study and try to understand each other's peculiar and distinct problems, and they must work coöperatively in solving these problems. It is submitted that profit-sharing schemes would meet with greater success if the workers were taken into real partnership on problems as well as profits. Efficient management is, of course, the exclusive duty of the plant executives, but the workers would be more convinced of the sincerity and motives of the management, and more stimulated to productive effort, if the difficulties confronting plant executives were explained as fully as possible to all in the plant, and if the processes of reasoning and deduction upon which orders and plans are based were likewise made clear.

There is no doubt that each worker owes a fair day's return in labor for his wages, but before the employer can demand this return he must have fulfilled an obligation which is absolutely a condition precedent—the providing of efficient management. And in the new industrial order an ever higher and higher degree of efficiency will be required of management. Before we can talk of enlisting more general interest in increased production or of developing the higher conception of the functions of industry that seems to be struggling for expression, there must be a much more comprehensive, thorough and detailed study of the processes and costs of production. Management cannot spur the workers to greater activity by merely shouting "More! More!"; it must present definite standards of accomplishment for consideration by the workers and the proposals must be backed, not by the forceful language of a task master, but by convincing and accurate data obtained by exhaustive general research as well as intensive study of the plant operations. It is primarily the duty of the management to bring such information to the council table, and only with such information at hand can "every employe, from the executives down, be a student and a teacher" in the great permanent training schools which are to chart the paths of real service to humanity which industry is destined to follow.

Another development in the evolution of industry which is just becoming apparent is the breaking away from the habits of secretiveness, isolation and hostility between individual plants in

connection with even non-competitive matters. It is now realized that competing as well as non-competing establishments have many problems in common—and certainly, at least, the labor problem—in the handling of which they must coöperate. Standardization and constitutionalization of industries engaged in the same line of production on a national, if not an international, basis of research and determination of policies must assuredly come, and the spirit of provincialism must be discarded if we are to make worth while progress. To take part actively in such broader developments must be one of the conscious policies of every plant.

As a summary statement, it might be said that the keystone of the arch of the new industrial structure is to be found in the full publication of facts. Industrial relations should not be made into an involved “problem” through complicated and unnatural forms of plant organization. There should be established the simple principle that all the workers in the plant should be given an opportunity to contribute to the detailed study of all the facts bearing on finance, and on processes and costs of production, and all such facts should be open to full examination and discussion. If all the facts are not so exposed, then there is the suspicion of an unworthy motive in concealing something. Concealment is certainly not in keeping with the modern and rightful aim of the plant. With all the data before the management and the workers, there is an opportunity for openly arriving at an agreement on the principles and the methods of dividing the income of the plant—then there is some possibility of establishing the often repeated assertion that “the interests of employers and labor are really identical,” because there will be some common gain to both in increased production. Arbitrary power on either side, whether in connection with industrial relations or any other human relations, is dangerous and unsound; there must be concessions of power by common consent which will result in common advantages.